

Finance Your Future

If you want to go to college and get a higher education, you can do it. Money does not have to be an obstacle.

First, college may not be as expensive as you think, and there are many ways to reduce the costs.

Second, scholarships are available for students. You don't have to be the smartest, fastest, or most talented student, either. Scholarships are awarded for all sorts of reasons.

Third, financial aid is available to help students and families pay for college. Don't assume that you are or are not eligible for financial aid. The only way to know if you can get financial aid is to apply.

College Costs

When people talk about the cost of college, they generally include tuition, mandatory fees, room, board (food), books, transportation, and other supplies. You may be able to control some of these costs, like how much you pay for housing and food. Some of the costs are out of your control, like how much tuition goes up every year.

You should also know that community and technical colleges typically cost less than four-year colleges and universities. And, four-year state colleges and universities usually cost less than four-year private colleges and universities. Look at the chart below.

Estimated College Costs in Washington 2005-2006

	Two-year community and technical colleges	Four-year public regional colleges and universities*	Four-year public research universities [◊]	Four-year private colleges and universities*
Tuition and Mandatory Fees	\$2,500/year	\$4,100/year	\$5,500/year	\$21,600/year
Living costs (transportation, housing, food, books, and supplies) ▼	\$10,500/year	\$10,500/year	\$10,500/year	\$10,500/year
TOTAL	\$13,000/year	\$14,600/year	\$16,000/year	\$32,500/year

* Eastern, Western, and Central Washington Universities, and The Evergreen State College

◊ University of Washington and Washington State University

□ Independent Colleges of Washington

▼ Washington Financial Aid Association estimate for traditional undergraduate students living away from home, 2005-2006 school year.

Paying for College

There are many ways to cover the costs of college, such as saving, finding scholarships, and applying for financial aid. Let's look at these options one at a time and explain how they work.

Saving Money for College

Every penny you save can reduce the amount you need to borrow for college. And, the earlier you start saving, the less you will need to save every month to meet your savings goals. In time, small amounts set aside every month can grow into serious money.

To get an idea of how your money can grow and how you can save, talk with a qualified investment advisor or representative at your local credit union or bank. They can tell you about saving for college using:

- ▶ Savings accounts
- ▶ Federal savings bonds
- ▶ Stocks and mutual fund accounts
- ▶ College savings plans and more

Washington's Guaranteed Education Tuition Program

You and your family can also participate in Washington's prepaid college tuition program. Guaranteed Education Tuition or GET allows Washington students and families to buy tomorrow's tuition today. Anyone – parents, grandparents, aunts, uncles, and friends – can purchase tuition units for you to use at colleges and universities nationwide. To learn more, call toll-free 1-877-438-8848 or visit the GET Web site at <http://www.get.wa.gov>.

Saving Money in College

The college costs you see in this book are only estimates. Even if you are unable to save money before you go to college, you can save money in college by spending less. There are many ways to lower your college costs. Here are some examples:

▶ Save on tuition.

Earn college credits while you're in high school. Go to a less expensive community and technical college before going to a four-year school. Or choose a less expensive four-year college.

▶ Save money on housing and food.

Live at home or with relatives while you're in college.

▶ Save on transportation.

Go to a college nearby or take the bus to and from the campus. Avoid buying a car.

▶ Save on books.

Go to the bookstore a couple weeks before classes start to buy used textbooks. You can also talk to older students in your major. They may have old textbooks you can borrow.

New requirements for resident tuition rates

People from outside Washington State (non-residents) pay more to go to public colleges than Washington residents. Until recently, so did any student without citizenship or proper documentation from the U.S. Immigration and Naturalization Service (INS).

Under state law any student who meets one of the following two conditions may qualify for in-state tuition rates:

1. Lived in Washington State for three years immediately prior to receiving a high school diploma and completed the full senior year at a Washington high school.
2. Completed the equivalent of a high school diploma and lived in Washington State for three years immediately prior to receiving the equivalent of the diploma.

Students who meet one of these conditions, and have continued to live in Washington since they received a high school diploma or its equivalent, can qualify for in-state tuition by completing an affidavit— a pledge in writing — saying that they meet the condition, promising to apply for permanent residency in the United States at the earliest possible opportunity, and indicating a willingness to engage in activities necessary to acquire citizenship.

State law offers residency status to qualified students **for tuition purposes only**. A student's legal residency, U.S. citizenship, or financial aid eligibility status does not change with this law.

For more information, contact your prospective college or university.

Financial Aid

When you and your family have done all you can to cover the cost of college, financial aid is available to help. Most financial aid comes from state and federal governments, colleges, and universities. The rest comes from private sources, such as local organizations, foundations, and corporations.

Financial aid is divided into two categories: need-based and merit-based aid. Need-based financial aid is awarded to students who have a documented financial need. This includes loans, grants, and work study. Merit-based aid is awarded for high performance, good grades, or special attributes. Scholarships are considered merit-based financial aid.

Colleges usually combine or “package” different types of aid to meet your financial need. The award package you receive will depend on your family’s financial situation, the amount of aid available at the college, and the college’s cost of attendance.

Need-Based Aid

Loans	Money for college that must be repaid after you leave college.
Grants	Money for college from the federal government, state government, or the college you plan to attend that you do not need to repay.
Work Study	Money for college that you earn in a part-time job while you are in college. Colleges may arrange these jobs for you.

Merit-Based Aid

Scholarships	Money for college that is often given for high academic achievement, talent, or athletic ability. Scholarships do not need to be repaid.
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Determining Your Expected Family Contribution

Colleges and universities use the Free Application for Federal Student Aid (FAFSA) to determine how much you and your family can afford to pay for college. You must complete the FAFSA to be considered for most federal and state financial aid programs.

The FAFSA asks you and your parents about household income, assets, stocks, bonds, savings, and more. It also takes into account the size of your family and the number of college students in your family. The FAFSA form is not very hard to complete, but many factors are considered in the final calculation. The only way to determine your eligibility is to apply.

FAFSA forms are available at high schools and colleges in late December or early January. Juniors should pick one up and review it with a parent or guardian. Seniors should prepare to complete the form as soon as possible after January 1. Some colleges may require additional financial aid forms. Check with the financial aid office at your school of choice to learn more.

If you have questions about the FAFSA, call toll-free 1-800-4-FEDAID (1-800-433-3243) between 5 a.m. and 5 p.m. PST or check with the financial aid office at the college you plan to attend.

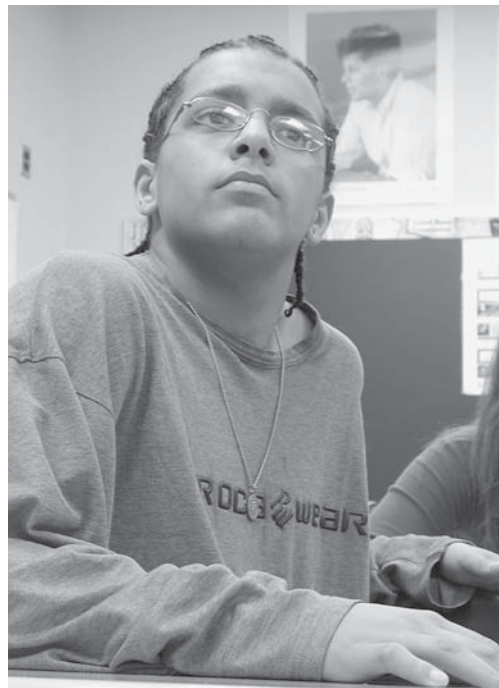
Determining Financial Need

Financial need is the difference between what your family is expected to pay (expected family contribution or EFC) and what it costs to go to your college of choice (cost of attendance). Most colleges will try to meet 100 percent of your financial need, but your need may vary from school to school.

Cost of Attendance

- Expected Family Contribution
- = **Determined Financial Need**

Regardless of the school you choose to attend, your expected family contribution, or the amount of money your family is expected to pay, won't change very much. Each college will use the same information to decide how much your family should contribute. Just because a school costs more, doesn't mean you and your family will have to pay more. Here's how it works.



Example 1

College A costs \$10,000 per year. After filling out the FAFSA, you learn that your expected family contribution is \$2,000.

$$\begin{array}{r} \$10,000 \text{ Total Cost of Attendance} \\ - \$ 2,000 \text{ Expected Family Contribution} \\ = \$ 8,000 \text{ Your Financial Need} \end{array}$$

This college's financial aid offer could include:

Student loans	\$2,625
Combined grants	\$2,875
Work study	+\$2,500
Total	\$8,000

Example 2

College B costs \$18,000 per year but your expected family contribution is still \$2,000. Remember, \$2,000 is the amount you and your family will have to contribute during the school year.

$$\begin{array}{r} \$18,000 \text{ Total Cost of Attendance} \\ - \$ 2,000 \text{ Expected Family Contribution} \\ = \$16,000 \text{ Your Financial Need} \end{array}$$

This college's financial aid offer could include:

Student loans	\$4,625
Combined grants	\$8,875
Work study	+\$2,500
Total	\$16,000

In either example, you could meet your expected family contribution in many ways. You or your parents could use savings, apply for a loan, or make monthly payments to the university. You could even get a summer job and save the money before school starts. And, if your family's financial situation changes after you complete the FAFSA, you can contact the college to explain your situation. The college may be able to reduce your family contribution and increase your financial aid award.

Washington Financial Aid Programs

Remember, there are four main types of financial aid: scholarships, loans, grants, and work study. Within those categories, there are a lot of different programs and services. Just think how many different scholarships are available! There aren't quite that many loan or grant programs, but there are quite a few.

The state of Washington spends millions each year to help students and their families pay for college. You may be eligible for one or more of the following state financial aid programs.

► State Need Grant

Undergraduate resident students with significant financial need may be eligible for this grant.

► Educational Opportunity Grant

Undergraduate students with junior standing may be eligible for grants. Students must have demonstrated financial need and be unable to complete their education without this grant due to family or work commitments, health concerns, financial need, or other similar factors.

► State Work Study

Undergraduate and graduate students with financial need earn money for college through part-time work while gaining experience. Whenever possible, jobs are related to your academic and career interests.

► Washington Scholars

Two high school students from each of the 49 state legislative districts are selected to receive scholarships for outstanding academic achievement, leadership, and community service.

► Washington Award for Vocational Excellence (WAVE)

High school and community/technical college students receive scholarships for outstanding achievement in vocational or technical education.

► American Indian Endowed Scholarship

Low-income undergraduate and graduate students with close social and cultural ties to a Native American community may be eligible for scholarships.

► Health Professional Scholarship

Nursing, medical, or other healthcare students agree to work for three to five years in medically underserved areas or in areas with a shortage of health care providers. In exchange, they receive scholarships.

► Robert C. Byrd Honors Scholarship

Washington high school seniors who demonstrate outstanding academic achievement and show promise of continued academic excellence are chosen to apply for scholarships.

For more information about Washington financial aid programs, contact:

Washington Higher Education Coordinating Board
917 Lakeridge Way
PO Box 43430
Olympia, WA 98504-3430
www.hecb.wa.gov/paying
Phone: (360) 753-7850
Email: finaid@hecb.wa.gov

For more information about federal aid programs, contact:

U.S. Department of Education
Federal Student Aid Information Center
www.studentaid.ed.gov
TTY: 1-800-730-8913
Phone: 1-800-433-3243

For more information about federal tax benefits, contact:

U.S. Internal Revenue Service
www.irs.ustreas.gov
Phone: 1-800-829-3676

► Western Interstate Commission for Higher Education (WICHE) Student Exchange

Washington residents can enroll in eligible undergraduate and graduate programs in 14 western states at reduced tuition rates.

Federal Aid Programs & Services

The federal government offers a variety of programs and benefits to help students go to college. You must apply for financial aid using the FAFSA form to receive aid from any of the following programs.

► Pell Grant

Undergraduate students who have significant financial need and have not earned a bachelor's or professional degree may be eligible for this grant.

► Supplemental Educational Opportunity Grant

Undergraduate students who have significant financial need and have not earned a bachelor's or professional degree may be eligible for this grant.

► Federal Work Study

Undergraduate and graduate students can earn money to pay for education expenses through part-time work.

► Perkins Loan

Students with significant financial need may be eligible for these low-interest loans.

► Subsidized Stafford Loan

Students may apply for the subsidized Stafford loan, which is based on financial need.

► Unsubsidized Stafford Loan

Students may apply for the unsubsidized Stafford loan, which is not based on financial need.

► Parent Loan for Undergraduate Students (PLUS)

Parents of dependent undergraduate students may apply for a PLUS loan, which is not based on financial need.

Federal Tax Benefits

You do not need to file the FAFSA or get federal financial aid to benefit from these federal tax credits and deductions. These might make college more affordable for you. Talk about these benefits with your parent(s) or guardian(s). Income limits and other restrictions may apply. Consult a tax professional for details.

► Hope Scholarship Tax Credit

Students or their parents may claim up to \$1,500 per year, per qualified family member, for tuition expenses. This credit only covers the first two years of undergraduate study.

► Lifetime Learning Tax Credit

Students or their parents may claim 20 percent of tuition expenses up to \$2,000 per year, per family. This credit covers all continuing education programs and college study after the first two years.

► State Prepaid Tuition and College Savings Plans (529 Plans)

Parents, relatives, or friends can invest after-tax money in a state tuition program for a future student. Money invested grows tax-free as long as it is spent on the student's higher education.

To learn more about Washington State's 529 Plan, visit www.get.wa.gov or call 1-877-438-8848.

► Education Savings Accounts (Coverdell IRAs)

Parents, relatives, or friends can make annual, nondeductible contributions to education savings accounts. Earnings grow tax-free, and the

money is tax-free when withdrawn as long as it is spent on the student's education.

► Student Loan Interest Deduction

Student borrowers or their families can deduct student loan interest payments from their taxable income.

► Penalty-free IRA Withdrawals

People under the age of 59½ may withdraw money from a regular or Roth IRA for tuition and expenses without paying the 10 percent early withdrawal penalty.

► Employer-provided Educational Assistance

Employers can provide each worker up to \$5,250 per year in tax-free educational benefits.

► New Deduction for Higher Education Expenses

Individuals can deduct up to \$4,000 in education tuition and expenses even if they do not itemize deductions.

How to Apply for Financial Aid

1. Complete the FAFSA.

To apply for federal financial aid and some state aid programs, you must complete the Free Application for Federal Student Aid (FAFSA). The FAFSA is available at high school guidance offices, college financial aid offices, and public libraries or by calling 1-800-4FEDAID. It is also available online at www.fafsa.ed.gov. Seniors should apply as soon as possible AFTER January 1. Do not wait until you get into college to apply.

2. Review your Student Aid Report.

One to four weeks after you submit your FAFSA, you will receive a Student Aid Report (SAR). The report will include your Expected Family Contribution, or the amount you and your family are expected to pay for college. Review it carefully and make corrections, if needed.

3. Contact prospective schools.

Contact the financial aid offices of prospective schools about application rules and deadlines. Remember, some schools have additional financial aid forms you will need to complete. Also, ask about other financial aid opportunities, including tuition waivers and scholarships.

4. Follow instructions and meet all deadlines.

Check financial aid priority deadlines at selected colleges and universities in Washington. The Washington Financial Aid Association Web site has this information www.wfaa.org. If your FAFSA or other financial aid applications are late or incomplete, you may not receive all of the aid you are eligible for. Financial aid is given to eligible students on a first come, first served basis, and schools can run out of some types of aid.

5. Evaluate financial aid award letters.

Schools will send you award letters with details of your financial aid package - usually a combination of grants, loans, and work study programs. Compare the financial aid awards carefully. You may be required to either accept or decline your award by a specific date. Do not miss this reply deadline or you could lose your financial aid award.

6. Keep good records.

Make photocopies of your applications and supporting information. Quickly respond to requests for more information. You may want to keep a financial aid folder to compare awards and keep track of forms.

For more information about financial aid and scholarships, visit:

The Smart Guide to Financial Aid www.finaid.org
The Free Application for Federal Student Aid Online www.fafsa.ed.gov
Washington Financial Aid Association www.wfaa.org
FastWeb Scholarship Search www.fastweb.com
Wired Scholar Scholarship Search www.wiredscholar.com
Free Scholarship Search Service www.scholarships.com

“If you think
education is
expensive,
try ignorance.”

—Derek Bok

Finding Scholarships

Scholarships are awarded for academic excellence, community service, athletic or artistic talent, even writing and poetry. Whatever your special gifts, there is probably a scholarship to match. Scholarships do not have to be repaid, but you do have to apply for them. Each scholarship usually requires a separate application. It's never too early or too late to look for scholarships. Here are some tips to get you started.

- 1. Check with your school guidance counselor.**
Many groups send scholarship notices to high schools.
- 2. Listen to announcements and check scholarship bulletin boards.**
High schools often announce scholarships over the loudspeaker in homeroom classes or post them on career center bulletin boards.
- 3. Read everything you receive from your college of choice.**
Colleges usually include information about university scholarships with admissions applications and marketing brochures.
- 4. Visit free scholarship search sites on the Internet.**
Many sites allow you to register your ethnic, academic, and interest information and receive regular updates on scholarships that might work for you.
- 5. Go to your local library.**
Many libraries have copies of the *College Blue Book*. This series of books lists thousands of scholarships.
- 6. Ask your parent or guardian to check with his/her human resources department or benefits specialist.**
Many companies offer scholarships to the children of current and/or former employees.
- 7. Contact organizations you or your parents belong to.**
Many organizations offer scholarships to children or members.
- 8. Consider community or military service.**
The government offers many programs for students who want to earn money for college and serve their country.
- 9. Avoid scholarship scams.**
Beware of any service that wants you to pay for a scholarship search. Most scholarships are listed online or in your local library for free.

